REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED OCTOBER 3, 2001

On motion of His Worship Mayor Murray, the Report of the Executive Policy Committee dated October 3, 2001, was considered clause by clause.

Moved by His Worship Mayor Murray,
That the Consent Agenda, Clauses, 1,2 and 3 be adopted.

Councillor Smith requested that Clause 3 be pulled from the Consent Agenda.

The motion to adopt the Consent Agenda, Clauses 1 and 2 was put and declared carried.

Increase in Membership – Old St. Vital Business Improvement Zone Board
File FL-7.13 (Vol. 2)

908 - 1. On November 29, 1995, Council adopted By-law No. 6715/95, being a by-law of The City of Winnipeg to designate a Business Improvement Zone to be known as the "Old St. Vital Business Improvement Zone" and to establish a Management Board for the zone. Subsection 6. (1) of the by-law stipulated that the Board shall consist of nine (9) members who shall be appointed by resolution of Council.

On October 3, 2001, the Executive Policy Committee considered a request from the Old St. Vital Business Improvement Zone Board to increase the number of Board Members to a maximum of 13 members, comprised of twelve members from the business community and one City Councillor.

The Executive Policy Committee recommends:

I. That the City Solicitor/Manager of Legal Services be requested to prepare the necessary by-law amendment to change the Board Membership to 13 board members, comprised of twelve members from the business community and one City Councillor.

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Adopted by consent.

Citizen Equity Committee Appointments
Files CR (Vol. 10), GC-7 (Vol. 31)

909 - 2. On October 3, 2001, the Executive Policy Committee passed the following motion, namely:

WHEREAS on March 21, 2001, Council adopted Clause 12 of the Report of the Executive Policy Committee dated March 14, 2001, approving the creation of the Citizen Equity Committee (CEC) and the Citizen Outreach Equity Office (COEC);

AND WHEREAS the membership of the Committee is comprised of the Mayor and two City Councillors, but no formal Councillor representative appointments have been made to date;

THEREFORE BE IT RESOLVED THAT Deputy Mayor Thomas and Councillor Vandal be appointed to the Citizen Equity Committee as the two City Council representatives;

and submits same to Council for approval.

Adopted by consent.

Report of the Executive Policy Committee dated October 3, 2001

Disbandment of Task Force on Diversity, Advisory Committee on Aboriginal Affairs, Winnipeg Millennium Committee
Files CR-4 (Vol. 1), CR-5 (Vol. 2)

910 - 3. On October 3, 2001, the Executive Policy Committee passed the following motion, namely:

WHEREAS the Task Force on Diversity was established by the Mayor on June 20, 2000 to develop recommendations and an action plan on the City's equity and diversity policies;

AND WHEREAS the creation of the Citizen Equity Committee and the Citizen Outreach Equity Office was adopted by Council on March 21, 2001;

AND WHEREAS on January 26, 2000, Council approved the terms of reference for the Advisory Committee on Aboriginal Affairs including the composition of the Committee;

AND WHEREAS with the establishment of the Citizen Equity Committee, the terms of reference of the Advisory Committee on Aboriginal Affairs and the mandate for the Citizen Equity Committee were similar in nature, and working towards the same goal;

AND WHEREAS the Winnipeg Millennium Committee was established by Council on September 25, 1996 to act on behalf of City Council to plan for events and projects to acknowledge the closing of the twentieth century and the arrival of the new millennium;

AND WHEREAS the events and projects for the Winnipeg Millennium have come to a completion;

THEREFORE BE IT RESOLVED THAT the Task Force on Diversity, the Advisory Committee on Aboriginal Affairs and the Winnipeg Millennium Committee be officially disbanded;

and submits same to Council for approval.

Moved by His Worship Mayor Murray,
Adoption of the clause.

Carried.

REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED OCTOBER 17, 2001

On motion of His Worship Mayor Murray, the Report of the Executive Policy Committee dated October 17, 2001, was considered clause by clause.

Moved by His Worship Mayor Murray,
That the Consent Agenda, Clauses 1,2,3,4 and 5 be adopted.

Councillor Smith requested that Clause 3 be pulled from the Consent Agenda.

Councillor Steek requested that Clauses 4 and 5 be pulled from the Consent Agenda.

The motion to adopt the Consent Agenda, Clauses 1 and 2 was put and declared carried

Award of Contract for the Provision of Alarm Monitoring Services Tender No. 95-2001

File GL-9 (Vol. 16)

911 - 1. The Executive Policy Committee has been advised that this Award of Contract is a multi-year Contract spanning a few budget years, and only Council has the authority to approve an award of Contract since there is commitment from future budgets.

Tri-annually an invitation to bid is issued by the Materials Management Division of the Corporate Finance Department for the Provision of Alarm System Monitoring Services for various City departments on a twenty four (24) hour, three hundred and sixty five (365) day a year basis. The Contract is on a scheduled basis and, therefore, must be approved by Council.

Final receipt of bids took place on June 22, 2001 with bids being received from eight (8) bidders, as outlined on Appendix "A" Summary of Bids.

Bids were in accordance with the requirements of the Tender Package, although, Compuscan did not initial the price changes on Form B. This informality is not considered material.

Compuscan did not provide pricing for two items. Item number two (Program User Access Codes) and item number three (Supply Printout of Event Buffer). These two items were "no charges" under the bid submitted. Item five (Service Call Flat Rate) was not quoted on. It has been determined that item number five is a minor technical requirement that should be waived, as the City has in the past had low demand for this service, and can do the service call work itself.

The requirements for Bid and Performance Securities, and the execution of a formal contract were waived for this purchase in accordance with the authority delegated to the Director of Purchasing by The Board of Commissioners on April 9, 1992 and February 9, 1995.

The recommended bidder has provided evidence, satisfactory to the Contract Administrator, that they have the necessary abilities and resources to perform the work of this contract. As well, the recommended bidder is the current contractor for these services to the City.

Funding for this contract is through the budgets of the various user departments.

Tenders are valid for acceptance until October 31, 2001.

Although the funds for 2001 are within the approved budget, the Contract commits funds from future unapproved budgets. The Financial Impact Statement is outlined on Appendix "B".

Copy of attachments referred to in the above clause are on file in the office of the City Clerk.

Report of the Executive Policy Committee dated October 17, 2001

The Executive Policy Committee recommends:

I. That the Contract for the Provision of Alarm Monitoring Services for the period of January 1, 2002 to December 31, 2005 be awarded to Compuscan Protection Inc. who submitted the lowest evaluated responsive bid.

II. That the Manager of Materials be authorized to issue a purchase order in the total conditional amount of $24,912.00, G.S.T. and P.S.T. extra to Compuscan Protection Inc.

III. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Adopted by consent.

Appointment of the Chief Financial Officer or Designate as the Treasurer of the City of Winnipeg File GL-5.1 (Vol. 45)

912 - 2. On October 17, 2001, the Executive Policy Committee passed the following motion, namely:

WHEREAS the vision of the Corporate Finance Department is financial leadership to inspire excellence in the business of civic government;

AND WHEREAS the structure of the Corporate Finance Department is being reorganized incorporating recommendations of the Review of Internal Programs and Services by Ernst and Young while maintaining alignment with its vision;

AND WHEREAS it is desirable that the management function of the department be split between two senior positions, both reporting to the Chief Financial Officer of the Corporate Finance Department;

AND WHEREAS The City of Winnipeg Act requires Council to appoint a Treasurer;

THEREFORE BE IT RESOLVED that the Chief Financial Officer, or designate, be the Treasurer of the City of Winnipeg and the City Organization By-law be amended accordingly;

and submits same to Council for approval.

Adopted by consent.

City of Winnipeg Membership - Better Business Bureau of Manitoba File GC-5 (Vol. 8)

913 - 3. On October 17, 2001, the Executive Policy Committee passed the following motion, namely:

WHEREAS the Better Business Bureau of Manitoba is a private non-profit organization fully funded by its membership subscriptions with a mandate to work for a self-regulating honest and ethical marketplace in the Province of Manitoba;

AND WHEREAS the work supported by the firms in the Province of Manitoba allows the Better Business Bureau of Manitoba to:

- *Provide a direct fact finding service on new, unknown or questionable business propositions*
- *Report on those who ask the City for contributions for advertising, charitable or civic purposes*
- *Provide a continued program to encourage good advertising practices, and to curb those that are harmful*
- *Provide help for employees, family, friends and neighbours when they have questions or difficulties in business transactions*

AND WHEREAS the Better Business Bureau of Manitoba programs and services help instill public confidence in our free enterprise system and its continued preservation;

Report of the Executive Policy Committee dated October 17, 2001

THEREFORE BE IT RESOLVED THAT The City of Winnipeg become a member of the Better Business Bureau of Manitoba;

and submits same to Council for approval.

Moved by Councillor Angus,
Adoption of the clause.

Carried.

Request for an Additional Heritage Conservation Tax Credit – Fort Garry Hotel, 222 Broadway
File G-3.1.5 (Vol. 2)

914 - 4. On May 29, 2001, 3031632 Manitoba Inc., operating as the Fort Garry Hotel, made an application to the Planning, Property and Development Department for a Heritage Conservation Tax Credit (HCTC) under By-law No. 7155/98. The owners advised that they wish to undertake $13.1 million in capital expenditures to the Fort Garry Hotel over the next five years, that they estimate $8.1 million are eligible costs to the Program, and that they are therefore requesting the maximum 50% tax credit of $4,050,000.00 to be phased in as work is completed. The Conservation Report is on file in the office of the City Clerk.

City Council retains sole responsibility for accepting or rejecting applications and for setting the amount of tax credit to be allocated to each authorized project.

Since 1994, the Fort Garry Hotel has benefited from the assistance of The City of Winnipeg to restore and rehabilitate this historic building. The City's contribution is summarized within the following table:

Incentive Program	Type of Work	Value of Incentive
Winnipeg Development Agreement Phase I Grant #1 Grant #2	 repair and restore exterior of the Hotel foundation repairs	 $750,000.00 $475,000.00
Phase II Grant #3 Grant #4	 foundation & water penetration 7th floor conservation	 $976,750.00 $ 98,000.00
Downtown Heritage Tax Credit	upgrade elevator system and foyer	$250,000.00
TOTAL		$2,549,750

The Fort Garry Hotel's heritage significance has been recognized by all levels of government. The building has been designated by the Province of Manitoba; it has been plaqued as a national historic site by the Government of Canada and was placed on the City's Building's Conservation List in 1980 as a Grade II building. The Fort Garry Hotel can arguably be considered the second most significant Heritage Structure in the Province next to the Legislative Building.

The Fort Garry Hotel is the only survivor out of three luxury railway hotels built in Winnipeg between the late 1890's and 1914.

The 14 story hotel is of steel frame construction on a grey granite foundation. Indiana buff limestone walls rise to a copper covered roof. Significant investments have been made in recent year's to preserve the building's exterior and restore the interior.

A. The Incentive Program

The HCTC incentive strategy was adopted by City Council in 1998 on a pilot basis for three years with a review during the third year. The purpose of the program was to assist a limited number of projects selected for their ability to:

- increase property assessment values;
- fulfill functions not likely to be displaced from other parts of the city.

Council retains sole responsibility for accepting or rejecting applications and for setting the amount of tax credit to be allocated to each authorized project.

Report of the Executive Policy Committee dated October 17, 2001

Council has approved the following tax incentives under this program:

Building Name	Work	Amount of Incentive	Status
Former Free Press Building, 300 Carlton Street	commercial offices	up to $2.4 million	(Approval of $ 2 M tax credit for Air Canada portion of building since rescinded)
Marshall Wells Building, 136 Market Avenue	interior upgrade	up to $3 million	work complete
Portage Village Inn, 311 Portage Avenue (A & B Sound Ltd.)	interior upgrade	up to $835,000	work complete
146-164 Princess Street (Red River College)	downtown technical campus	up to $15.75 million	work underway
Ashdown's Hardware Store, 476 Main St. (Big Four Building)	commercial offices, studios, and artist live / work spaces	up to $1.715 million	work underway

Furthermore, Council may be asked to consider HCTC applications shortly, for the Union Tower, 504 Main Street, as well as the Lindsay Building, 228 Notre Dame Avenue.

The value of an approved tax credit may be up to 50% of the net private investment made in eligible work. This credit may be used at a recipient's discretion over a maximum 10-year period to reduce the property, business and, in specific circumstances, the amusement taxes levied by the City on the structure and its site.

B. Scope of Work

The program is intended to support work that:

- repairs and stabilizes City-designated heritage structures;
- extends the life of such structures;
- conserves significant architectural or other heritage elements; and/or
- rehabilitates space to meet contemporary requirements, but in the process makes minimal changes to a structure's historical integrity, including its defining design characteristics, site and environment.

In its proposal, the Fort Garry Hotel outlines the following work that it deems eligible for HCTC:

1. Guestrooms and Hallways:	complete upgrade including electrical, mechanical, plumbing and hallway reconstruction	$4,735,000.00
2. Provencher Ballroom:	restoration and addition	$ 986,700.00
3. Mezzanine, Lobby and Palm Room:	restoration and upgrade	$1,707,750.00
4. Tenth Floor upgrade:		$ 693,000.00
TOTAL		$8,124,050.00

The proposal outlines that an additional $5 M in capital will be spent on items that are not eligible under the criteria established for the program.

Depending upon Council's decision, the owners intend to start construction late in 2001 and to complete in 2007.

One application will be sufficient to cover all phases of a multiple-stage conservation project. The tax credits would be proportioned accordingly and released as the completion of each phase of work is satisfactorily documented, inspected, and approved.

The conservation work performed on the Hotel to date has been of very high quality.

C. Economic Impact / The Owners Perspective

a) Public / Private Leverage:

The Fort Garry Hotel owners point out that the initial $2,549,750.00 investment from the City resulted in a $14,000,000.00 total investment (leverage approximately 5.5:1 Private / Public funding). The work included the stabilization of the exterior and foundations of the building and the restoration of the seventh floor ballrooms and loggia.

Report of the Executive Policy Committee dated October 17, 2001

The current proposal leverages a 3:1 Private / Public Investment.

b) Effect on the Hotel Industry:

The owners present a case that the investment in the Fort Garry Hotel has contributed to an increase in capital expenditures for all hotels, which has resulted in increased city-wide room rates, and has created a climate that has attracted new hotel projects throughout the city. The owners state that:

"The strategic capital investment made by the City of Winnipeg in the Fort Garry has resulted not only in the preservation of one of the city's most significant buildings, but has expanded employment, increased hotel revenues, triggered investments, and increased and expanded the property tax rolls."

c) HCTC Eligibility:

The owners argue that the Fort Garry Hotel meets all of the criteria for eligibility for the HCTC in that:

- The structure is of special historic significance.
- The project celebrates Winnipeg's heritage, enhances tourism, creates long-term employment, and will continue to enhance tax revenues for all three levels of government.
- The eligible work will ensure the continued stabilization of the structure resulting in the building having its life extended.
- The project continues important conservation of historic interior elements including the Provencher Ballroom to its original glory.

D. The Administrative Response

a) Private / Public Investment Leverage:

The current proposal of 3:1 is significantly less than the leverage realized on the initial Heritage incentive (5.5:1). For information purposes, the Private / Public leverage on other Council Approved HCTC projects is as follows:

- Former Free Press Building 11.6 : 1 Total Capital Investment
  8.5 : 1 Eligible Costs
  * Includes the $2 M HCTC awarded initially to Air Canada.

- Marshall Wells Building 3.3 : 1 Total Capital Investment
  3:2 : 1 Eligible Costs

- Red River Downtown Campus 2 : 1 Total Capital Investment
- Ashdown's Hardware Store 3 : 1 Total Capital Investment
  2 : 1 Eligible Costs

b) Effect on the Hotel Industry:

The administration believes that the capital investment to the Fort Garry Hotel has been concurrent but not fundamental to, the recent activity and growth of the hotel industry within the City. A review of building permits issued for hotels and motels from January 1, 1994 until July 31, 2001 indicates that construction values exceeded $66 M citywide (the majority of which has occurred outside the downtown).

Several new hotels have been completed or are in the process of construction since 1999 including the:

Club Regent Casino Hotel	1415 Regent Avenue West	$9.7 M
Greenwood Inn Hotels	1715 Wellington Avenue	$8.32 M
Four Points Sheraton	1999 Wellington Avenue	$8.8 M
Hampton Inn & Suites Hotel	260 Main Street	$6.0 M

Furthermore, the Holiday Inn and Suites are currently undergoing a $6 M renovation to the approximately 10 year old Travelodge Hotel on the corner of Portage and Colony.

All of these projects have been initiated privately without civic subsidies.

Report of the Executive Policy Committee dated October 17, 2001

The administration is concerned that the City may be providing the Fort Garry Hotel with a potentially unfair economic advantage over other competing hotels within the City. All hotels and motels undergo regular and significant renovations to their facilities due to normal wear and tear, functional obsolescence, fashion and franchise décor trends, industry standards, as well as individual marketing requirements. Renovations to ten and twenty year old hotels also cause building code issues to be resolved during the time of construction. The City should not be seen as subsidizing one hotel at the expense of others.

c) HCTC Eligibility:

The administration concurs with the Fort Garry Hotel's basic points, as summarized within the previous section of this Report. The Conservation Report submitted by the Fort Garry Hotel is very thorough and, under the general wording of the HCTC Program, the owners have suggested that $8.1 M of their expenditures would be eligible for the HCTC. The administration recommends a lower HCTC than requested on the basis of other factors including, the effect on the Hotel industry, Council's original intent, and precedent (as outlined herein).

Furthermore, the enhanced tax revenues generated by the project as suggested by the applicant, are of immediate benefit to the other levels of government, while the City is negatively impacted for an approximate 10 year period until the tax credits have been fully applied, or the timeframe for their use has expired.

E. Council Intent of the HCTC Program / Precedent:

Winnipeg City Council adopted the "Heritage Support-Policy and Programs" report which laid out the rules to be used as the basis of an incentive strategy to support heritage buildings. One rule adopted was that the City would extend financial assistance for heritage conservation only when it expected to receive full value from the investment. Included in this rule was the requirement that the property owner be committed to future repair and upkeep of their heritage structure.

The administration believes that only $1.2 M, of the proposed $13.1 M the owners propose to invest, meet the criteria and intent of the HCTC program. The administration further believes that the remaining investment of $11.9 M can be considered as a business expense required by the owner primarily for the purpose of increasing or maintaining its current and future income stream.

The administration is also concerned that all other HCTC Projects were for the adaptive re-use of primarily vacant buildings that were not contributing to the City's tax base. In this instance, the Fort Garry Hotel is, by all accounts, a profitable success story. Should Council approve the HCTC as requested, unlike the other HCTC projects, the City will experience a real loss to its tax base as discussed within the Financial Impact section of the report.

The administration believes that a precedent would be set in this instance, should Council approve the HCTC as requested. This more liberal interpretation of Council's original intent and policy may allow for further applications that may have a negative short term impact on the City's tax base.

The administration wishes to have this matter addressed by Council following the mandated three year review of the HCTC Program.

It is believed that one other heritage hotel will be watching Council's decision on this matter closely.

F. Administrative Recommendation:

The administration recommends that a maximum $1.2 M in eligible costs should be approved resulting in a $600,000.00 HCTC (based at 50% of eligible expenses). This recommendation is based upon our previous restoration experience with other designated spaces within the Hotel.

The Provencher Ballroom, the Mezzanine, and the Palm Room are all interior designated spaces within the Fort Garry Hotel. The administration's recommendation is based upon the knowledge that the owner's investment in the historic restoration of these spaces would not normally result in an adequate return on investment.

Report of the Executive Policy Committee dated October 17, 2001

G. Financial Impact

Of the additional $13.1 M that the owners propose to invest, they are requesting the City to credit their taxes for $4.05 M.

Utilizing the Downtown Heritage Tax Credits previously approved, the Hotel was given a full credit for its municipal portion of its property and business taxes for the years 2000 and 2001 (a total credit of $148,773.00).

The estimated 2002 municipal tax levy, based on an assessed value of $13 M, is $251,300.00. The estimated 2002 business tax levy is $144,600.00. This amounts to a total estimated tax load (subject to HCTC) of $395,900.00 per year. With the existing Downtown Heritage Conservation Tax Credit fully applied in 2002, the Fort Garry Hotel would be responsible for an estimated payment (directed to City revenues) of $294,673.00 ($395,900.00 minus the remaining $101,227.00 tax credit).

The realty assessment for the year 2002 (reference year 1999) is $13 M. This is based upon the income approach to market value. The estimate of assessed value following the $13 M of capital enhancements is, at this time, indeterminable without substantial analysis of projected income and expense information for the subject property. However, it should be noted that the impact of this investment on the future assessed value of the property may be minimal, as experienced with other HCTC projects. This being the case, any investment by the City of additional tax credits may not be recovered through increased taxes.

In addition, it is important to note that the Hotel has made application to the Board of Revision regarding their $13 M 2002 assessed value. Should the Hotel be successful with its appeal, the following discussion on the estimated 2002 total tax levy and number of years for the Hotel to utilize its tax credits would be correspondingly affected.

On the basis of known information, should Council approve the $600,000.00 in HCTC as recommended, the Fort Garry Hotel would receive approximately one and a half years of total tax relief from the City of Winnipeg.

Also on the basis of known information, should Council approve the $4.05 M in HCTC as requested, the Hotel would provide virtually none of its anticipated (existing) tax revenue to the City for virtually the entire 10 year period. In the event the market value of the Hotel increases as a result of significant new revenue or reduced operating expenses (and therefore increased profit) as produced by the capital renovations, then additional municipal portion of realty tax and business tax revenues could be anticipated to reduce the number of years in which the HCTC would be fully applied. However, as noted above, it is not unreasonable to assume that the proposed investment will have a minimal effect on the Hotel's future realty and business tax.

The owners have requested the reserved right to formally request the City to consider additional tax credits should they be required to spend more money than anticipated on structural and other conservation problems. This provision is currently allowed for under the existing HCTC Program.

The Executive Policy Committee recommends:

I. That Council approve a Heritage Conservation Tax Credit of $600,000.00 to the Fort Garry Hotel to undertake heritage restoration work.

II. That Council approve an additional Heritage Conservation Tax Credit of $2,080,000.00 to the Fort Garry Hotel to undertake additional capital renovations.

Elevator foyer and hallway reconstruction (10 floors x $120,000 per floor)	$1,200,000.00
Sprinkler system for hallways and elevator	280,000.00
New doors and frames for all guestrooms	600,000.00
TOTAL	$2,080,000.00

III. That Council approve the Heritage Investment Reserve as the source of the project funding and that the necessary funds, as required, be identified within the current budgets of the Planning, Property, and Development Department as line items to cover such support.

IV. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of all agreements required to implement matters as directed by Council.

Report of the Executive Policy Committee dated October 17, 2001

V. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

Moved by His Worship Mayor Murray,
Adoption of the clause.

Carried.

Tax Credit to Acetek Joint Venture (Air Canada-Acsion Industries)
File FI-1.2 (Vol. 1)

915 - 5. The Executive Policy Committee has been advised that Acetek wishes to open a facility at 590 Moray Street and to expand its operations onto adjoining lands at this location. Air Canada (negotiating on Acetek's behalf) had been considering other cities in which to place this operation and requested certain incentives in order for it to be located in Winnipeg.

The City of Winnipeg considers support to such a venture as a strategic, long-term economic development investment in Winnipeg's economy, particularly in the aerospace industry, which is one of Winnipeg's key economic sectors. The project in question meets the necessary criteria as laid out in the City's Homegrown Economic Development Strategy.

The City of Winnipeg was approached by Air Canada in the summer of 2001 concerning their intention to proceed with this project. Air Canada indicated that they would be looking for City support in the amount of approximately $1,000,000.00. In an August 7, 2001 letter from Air Canada, they announced their joint venture with Acsion Industries and their request for the property south of 590 Moray Street. They commented that the provision of this land would definitely make the 590 Moray site an attractive one for their initiative.

1) Proposal

Acetek has proposed to lease the current building at 590 Moray Street and to invest $8.5-9 million in the facility and necessary equipment. Possible second and third phases could see an additional $9.5-10 million spent on buildings and equipment on the site adjacent to 590 Moray Street.

Acetek has indicated that this business venture is likely to create 250 jobs over six years.

2) Support Principles

- The tax credit is based on the "Schneiders Model" in that it is based on a three-year "grant" to the company in question.

- The incentive provided reflects the strategic importance of the aerospace industry to Winnipeg's economy and is commensurate with the guidelines outlined in the Council adopted Homegrown Economic Development Strategy.

- Funds approved by Council would be sourced by The City of Winnipeg in a designated account to pay down actual charges (e.g. property and business taxes).

- Municipal and business taxes at 590 Moray Street would increase by a minimum of $50,000.00-60,000.00 annually, in addition to the taxes that would accrue with development on the adjacent property.

The Province of Manitoba's support of the Acetek development proposal is another important fundamental component of the project. The Province will provide approximately $2.5 million in training support and $3.9 million in a repayable, low interest loan.

3) Conditions of Support

That an agreement between The City of Winnipeg and Acetek for purposes of supporting the introduction of the Acetek facility be finalized by the Chief Administrative Officer, subject to the following conditions:

a) That Acetek reach an agreement with the owners of the land at 590 Moray Street to lease the property in question.

Report of the Executive Policy Committee dated October 17, 2001

b) The Acetek facility to be developed as outlined on Schedule "A".

c) That Acetek establish and at all times maintain and operate the project in accordance with all laws, by-laws, directions, rules and regulations and obtain any and all necessary permits and licenses of any federal, municipal or provincial authority having jurisdiction as may be required to construct and operate the project.

d) That property taxes are paid in full when due for each taxation year.

e) That, should Acetek relocate its facility outside of Winnipeg, or cease operations altogether, the land gifted to them revert back to the ownership of The City of Winnipeg.

f) Any such other terms and conditions as deemed necessary by the City Solicitor/Manager of Legal Services for the purposes of implementing the intent of Council.

4) Benefits of the Proposal

a) It is estimated that The City of Winnipeg's increased annual revenues due to the project at 590 Moray Street will be as follows:

Assessed Value	Municipal Taxes	Business Taxes	Total (annual)
$1.7 m	$35,520.00	$22,500.00	$58,020.00

Additionally, the property adjacent to 590 Moray Street will generate municipal and business taxes of approximately $10,000.00 annually.

b) According to Acetek's projections, this project would generate approximately 250 new positions over six years.

c) This project will serve as a significant long-term, strategic investment in Winnipeg's and Manitoba's economy, particularly in the aerospace industry, which is a key economic sector.

d) Acetek's future plans include the likelihood of continued expansion and investment at the property adjacent to 590 Moray Street.

The Financial Impact Statement is outlined on Schedule "B". An adjustment to the current and/or capital budget will be required.

For the information of Council, the Economic Development Committee will be reporting back to the Executive Policy Committee, for referral to the Standing Committee on Fiscal Issues, on funding for this initiative.

Copy of attachments referred to in the above clause are on file in the office of the City Clerk.

The Executive Policy Committee recommends:

I. That City Council approve the following recommendation as it pertains to a proposed agreement between The City of Winnipeg and Acetek with regard to the latter's proposal to locate its business at 590 Moray Street.

a) That the parcel of City-owned property immediately south of 590 Moray Street (Roll No. 07081302700) be gifted to Acetek;

b) That an investment credit of $205,000.00 be made available to Acetek;

c) That a boulevard cut be made at Moray Street which would enable access to the property south of 590 Moray Street from both directions on Moray, at the City's cost (estimated to be approximately $75,000.00).

II. That the Proper Officers of the City be authorized to do all things necessary to effect the intent of the foregoing.

Moved by His Worship Mayor Murray,
Adoption of the clause.

Carried.

REPORT OF THE

EXECUTIVE POLICY COMMITTEE

DATED OCTOBER 24, 2001

On motion of His Worship Mayor Murray, the rule was suspended and the Report of the Executive Policy Committee dated October 24, 2001 was considered.

Amendment to the Solid Waste By-law -
Small Commercial Garbage Collection Rate
File WT-1(Vol. 20)

916 - 1. The Executive Policy Committee has been advised that changes to the Solid Waste By-law require approval by Council.

On May 23, 2001, Council approved the implementation of a waste minimization strategy that included charging for garbage collection services at small commercial locations effective November 1, 2001; and further that the rate be established to cover the cost of service.

On September 26, 2001, Council adopted a report and By-law No. 7891/2001, which amended the Solid Waste By-law No.1340/76, to provide a fee of $3.50 per cubic metre of container capacity effective November 1, 2001.

On September 26, 2001, Council passed a by-law providing for a charge of $3.50 per cubic metre of container effective November 1, 2001.

The Department is recommending that the implementation date of the fee for small commercial garbage collection and disposal be deferred from November 1, 2001 to January 1, 2002. The reasons are as follows:

1. Based on recent experience with the implementation of the multi-family dwelling recycling program, the communications strategy recommended in the small commercial fee report should be re-thought. It is now recommended that site-specific visits be carried out and personal contact made with each business owner. Sending a cold letter results in the business owner becoming concerned and needing to call the City for a response. The personal contact with a City staff person will hopefully mitigate the concerns by providing immediate and complete answers to questions.

2. Seven (7) people are now working full time on the implementation of the multi-family dwelling recycling program and resources are limited at this time of year due to this program and the seasonal increase in garbage volumes. With the attention on the implementation of the multi-family dwelling recycling program and the consequences of a less than optimum rollout, we need to concentrate our full effort on that. The Department underestimated the effort required for the multifamily dwelling program.

The 2001 budget did not include any projected revenues from this initiative so there is no financial impact, and no budget adjustments required, of changing the implementation date from November 1, 2001 to January 1, 2002. The Department's August 2001 financial forecast included $15,000.00 in revenue from this program that would not be realized.

The Executive Policy Committee recommends:

I. That the implementation date of the small commercial collection fee be revised from November 1, 2001 to January 1, 2002.

II. That the City Solicitor/Manager of Legal Services be instructed to prepare the necessary bylaw for submission to Council at the October 24, 2001 meeting.

Moved by Councillor Angus,
Adoption of the clause.

Carried.

Report of the Executive Policy Committee dated October 24, 2001

Request For A Heritage Conservation Tax Credit For The Union Bank Tower Building, 504 Main Street And The Union Bank Annex, 500 Main Street
Files G-3.1.5 (Vol. 2), G-3.11 (Vol. 7)

917 - 2. The Executive Policy Committee has been advised that on September 13, 2001, Pace-Greentree Builders Inc., acting on behalf of the owners, 4207106 Manitoba Ltd, made an application to the Planning, Property and Development Department for a Heritage Conservation Tax Credit (HCTC) under By-law No. 7155/98 for two vacant heritage buildings; the Union Bank Tower Building, 504 Main Street, and the Union Bank Annex Building, 500 Main Street.

City Council retains sole responsibility for accepting or rejecting applications and for approving the amount of tax credit to be allocated to each authorized project.

On September 19, 2001, Pace-Greentree Builders Inc. requested and were granted a 90 day extension to complete roof work as identified in Clause 7 of the Offer to Purchase and Redevelop Lands Agreement. This extension requires the repairs to be completed by December 24, 2001.

On July 18, 1995, The City of Winnipeg, recognizing the major significance of these buildings to The City of Winnipeg, listed the Union Bank Tower as a Grade I structure on the Building Conservation list, and the Union Bank Annex as a Grade II structure.

On September 22, 1997, the Government of Canada recognized both the Exchange District and the Union Bank Building as National Historic Sites. The Federal plaque for the Union Bank Building reads as follows:

> *"Constructed in 1903-1904, this building is Western Canada's oldest skyscraper. It combines the technology of steel framing, a rich exterior and an elegant interior to project a sense of modernity and entrepreneurial success. These qualities reflected the image intended by its original owner, the Union Bank of Canada, which played an important role in financing the development of the West. In the sophistication of its architecture, this headquarters building points to Winnipeg's central position in the rapidly expanding economy of turn-of-the-century Canada."*

The Union Bank Tower and the Annex's significance have been recognized by the Government of Canada and The City of Winnipeg. The Union Bank Tower is Western Canada's most significant early "skyscraper" built at a cost of $420,000.00. This 68,775 square foot, 10-storey structure was the head office for the Union Bank until it was acquired by the Royal Bank in 1925.

The 1990 closure of the Amy Street Steam Plant affected numerous buildings in the downtown. With no heat, this building lost tenants except for the bank branch on the main floor, which moved out in 1992. It has remained vacant and under-utilized since that time. The annex was a retail store built for White and Manahan in 1898. The Union Bank needed to expand in 1921, acquired the site, and altered the main and rear facades to harmonize with the main banking hall.

In the 1970's the building was "Bogarts", an early Winnipeg discotheque. It has now been vacant for about 20 years.

The HCTC incentive strategy was adopted by City Council in 1998 on a pilot basis for three years with a review during the third year. The purpose of the program was to assist a limited number of projects selected for their ability to:

- increase property assessment values;
- fulfill functions not likely to be displaced from other parts of the city.

To date, Council has approved the following tax incentives under this program:

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Building Name	Work	Amount of Incentive	Status
Former Free Press Building, 300 Carlton Street	commercial offices	up to $2.4 million	(Approval of $ 2 M tax credit for Air Canada portion of building since rescinded)
Marshall Wells Building, 136 Market Avenue	interior upgrade	up to $3 million	work complete
Portage Village Inn, 311 Portage Avenue (A & B Sound Ltd.)	interior upgrade	up to $835,000	work complete
146-164 Princess Street (Red River College)	downtown technical campus	up to $15.75 million	work underway
Ashdown's Hardware Store, 476 Main St. (Big Four Bldg.)	commercial offices, studios, and artist live / work spaces	Up to $1.715 million	work underway

The value of an approved tax credit may be up to 50% of the net private investment made in eligible work. This credit may be used at a recipient's discretion over a maximum 10-year period to reduce the municipal portion of property, eligible business, and, in specific circumstances, the amusement taxes levied by the City on the structure and its site.

The program is intended to support work that:

- conserves significant architectural or other heritage elements; and/or
- repairs and stabilizes City-designated structures;
- extends the life of such structures;
- rehabilitates space to meet contemporary requirements, but in the process makes minimal changes to a structure's historical integrity, including its defining design characteristics, site and environment.

The prominent heritage significance of these two buildings requires that the City and other potential tenders assist and encourage this property owner to retain and to preserve original and significant material. Within the scope of work as outlined within the applicant's Conservation Report, the owner and their architect have proposed an appropriate heritage solution. Towards this end, the administration recommends that the existing wood and steel windows be repaired and upgraded to accept double-glazed sealed units. The Government of Canada has identified the "Royal Bank of Canada" sign on the upper level as a significant element in the Commemorative Integrity Statement that should be retained. The chimney should also be stabilized and retained.

Eligible Work - Union Bank Tower – 504 Main Street:

The Conservation Report identifies the following heritage work:

- Restoration of the exterior including new roof, window upgrade
- Restoration of the Banking Hall and lobby, retention of staircases, mail system, vaults, marble washrooms
- Foundation and structural repair
- Interior upgrade to accommodate new tenants
- New mechanical systems including heating, air, ventilation, and plumbing
- New fire protection system
- New electrical system

Also eligible for consideration under the HCTC Program is the following work that contributes to the economic viability of the Heritage structures (the Former Free Press Building at 300 Carlton also allowed for new construction that was deemed as eligible under the by-law):

A large addition (66,450 sq. ft.) on the former Leland Hotel site with a ground floor parkade

Total projected costs	$22,727,000
Owner's Estimate of Eligible Costs	$15,090,484
Owner's estimate of HCTC @ 50% of eligible costs (33.2% of total project cost)	$ 7,545,242
City's estimate of HCTC (32.6% of total project cost)	$ 7,400,000*

* The administration has identified some 'soft costs' (interest costs) and paint, flooring, and wall cover costs as not recommended for eligibility.

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Union Bank Annex-500 Main Street:

- Exterior restoration
- Foundation repair
- Retain and repair existing windows and exterior doors
- Interior restoration including rebuilding of the existing skylight
- Interior upgrade to accommodate new tenants
- New mechanical systems including heating, air, and plumbing
- New fire protection system
- New electrical system

Total project cost	$1,913,000
Owner's estimate of eligible costs	$1,043,110
Owner's estimate of HCTC @ 50% of eligible costs (27.26 % of total project cost)	$ 521,555
City's estimate of HCTC (24% of total project cost)	$ 460,000*

* The administration has identified some 'soft costs' and paint flooring, and wall cover costs as not recommended for eligibility.

Under the terms of the HCTC By-law, if the developer discovers that there are new structural concerns with the building that were not identified at the preliminary stage, a supplemental application can be made to the City for additional tax credits.

Financial Impact:

The owners propose to invest $24,640,000 in this project, and they are requesting a combined HCTC (municipal portion and eligible business taxes) for up to $8,066,797 (over a ten year period). The administration is recommending a significantly smaller combined HCTC of an estimated $2 M based upon our estimates of future municipal portion of property and eligible business taxes for the buildings and property.

Although no property or business taxes have been received from the Union Bank Tower and Union Bank Annex for approximately 20 years, for the purposes of demonstrating the City's return on heritage investment, the administration provides the following discussion. Also for the purposes of this Report, the restoration of the Union Bank Tower, Annex, as well as the proposed new tower, have been combined as a single project.

In 2001, the total assessment for the Union Bank Tower and Annex was $228,500, which would have resulted in (if the properties were not exempt) $3,745 in municipal (portion) of property taxes while no business taxes would have been payable.

Based upon the best known information, the estimated assessed value of this project following development will be approximately $6,820,000, resulting in estimated annual municipal portion of property taxes of $131,882, as well as an estimated $111,597 of business taxes. It is likely that most of the tenants locating within the property will be relocating from other City of Winnipeg addresses.

On the basis of known information, should Council approve the combined HCTC of $7,860,000 as recommended, this project will likely be credited for the municipal portion of property tax and applicable business taxes for the entire ten-year period allowable under the by-law. It is also likely, that a substantial amount of the approved HCTC will expire not utilized following the ten year HCTC Program period.

Utilizing the estimated 2002 municipal portion of property taxes ($131,882), and projecting these over the ten-year period, the City would credit the project owner with an estimated $1,318,820 in HCTC. Eligible business taxes are also available for tax credits under the HCTC Program. However, it is typically the case that minimal business taxes are credited because the applicant (developer) does not tend to locate their business within the project.

Long term tenants can also be eligible for business tax credits through provisions in the lease with the owner (applicant). On the basis of known information, the potential tenants taking up the majority of the space within the building(s) may be exempt from business taxes (i.e. other levels of government).

HCTC that are not utilized by the applicant within the ten year timeframe of the Program are not transferable.

The project provides for a restoration of a vacant signature heritage building at a key location within the City's internationally recognized Historic Exchange District. Combined with the Ashdown Hardware Store, the Red River Downtown Campus, the Main Street Redevelopment, as well as the Waterfront Drive construction, this project will

Report of the Executive Policy Committee dated October 24, 2001

assist in adding vitality and safety to the District, which will have a positive effect on adjacent property values and help to lever additional development.

Although the applicant has requested a total of over $8 M of HCTC based upon eligible costs as defined under the Program, the administration is recommending a significantly smaller HCTC of an estimated $2 M based upon the following:

- The municipal portion of property taxes and the potential eligible business taxes for the project are projected to be less than $2 M over the ten year period allowable under the HCTC by-law.
- HCTC are not transferable to other projects.
- HCTC that have not been applied over the ten year period expire.

Based upon the HCTC Program and Council's intent with regard to Heritage incentives for significant heritage projects such as these, it is the administrations position that this project should be eligible for a full ten year tax credit on the municipal portion of property taxes and eligible business taxes. In the unlikely event that the municipal portion of property taxes and eligible business taxes exceed the $2 M recommended HCTC, then the administration is recommending that Council, at that time, consider additional tax credits to make up the difference.

The administration is further recommending that the $2 M HCTC be subject to the owner accepting the principle to retain and to preserve original and significant material.

Because all of the property taxes attributable to this project are new (incremental) revenues to The City of Winnipeg, and because it is unlikely that a significant portion of the business taxes attributable to the project will be eligible under the HCTC Program, the HCTC recommended within this Report can be accommodated within the Heritage Investment Reserve.

The Executive Policy Committee recommends:

I. That City Council approve a Heritage Conservation Tax Credit to 4207106 Manitoba Ltd. of an estimated $2,000,000.00 to undertake heritage restoration of the Union Bank Tower Building and the Union Bank Annex subject to the owner accepting the principle to retain and preserve original and significant material.

II. That should the municipal portion of property tax and the eligible business tax for this project exceed $2,000,000.00 over the ten year Heritage Conservation Tax Credit timeframe, Council will consider additional Heritage Conservation Tax Credit allocations to make up the difference.

III. That Council approve the Heritage Investment Reserve as the source of the project funding, and that the necessary funds as required, be identified within the current budgets of the Planning, Property and Development Department as line items to cover such support.

IV. That the Chief Administrative Officer be authorized to finalize and approve the terms and conditions of all agreements required to implement matters as directed by Council

V. That the Proper Officers of the City do all things necessary to effect the intent of the foregoing.

Moved by His Worship Mayor Murray,
Adoption of the clause.

Carried.

EXECUTIVE POLICY COMMITTEE

CONSIDERATION OF BY-LAWS

918 - On motion of His Worship Mayor Murray, the following by-laws were read a first, second and third time, the rule being suspended for the third reading of each by-law, and were passed and ordered to be signed and sealed, namely:

By-law No. 7908/2001, a by-law of The City of Winnipeg to amend By-law No. 7100/97, being The City Organization By-law. File GL-5.6 (Vol. 9)

Executive Policy Committee – Consideration of By-laws (continued)

By-law No. 7917/2001, a by-law of The City of Winnipeg to amend By-law No. 6715/95, being the Old St. Vital Business Improvement Zone By-law. File FL-7.13 (Vol. 2)

On motion of His Worship Mayor Murray, the rule was suspended and By-law No. 7913/2001, a by-law of The City of Winnipeg to amend the Solid Waste By-law No. 1340/76, was read a first, second and third time, the rule being suspended for the third reading, and was passed and ordered to be signed and sealed.
File WT-1 (Vol. 20)

EXECUTIVE POLICY COMMITTEE

QUESTION PERIOD

919 - In reference to the Forks/North Portage Partnership annual meeting, Councillor Steek questioned if the Mayor was speaking on behalf of himself or City Council when stating that the City was supportive of the proposed hotel and the parking lot.

His Worship Mayor Murray responded that he spoke on behalf of City Council, noting that Council had passed a five year development plan for The Forks which included a small boutique hotel and parking structure, along with a reduction of the existing surface area parking. He added that the hotel proposal had been approved by all three levels of government twice and formed part of both the current and previous plan. He further indicated that a new plan, incorporating the elements of the two previous plans that have not yet been realized, with additional plans, would be forthcoming.

Councillor Steek referred to the fact that the siting of the hotel may be of critical concern and questioned if His Worship was supportive of the current proposed location.

His Worship advised that the siting of the hotel was consistent with the current plan, and was the decision of the Board, but noted that the shareholders could revoke that authority. He added that he was supportive of Council's direction but suggested that it might be a good idea to have the Forks/North Portage Partnership make a presentation to Council to facilitate more detailed discussion on the issue.

Councillor Steek questioned if the Mayor was aware of considerable concern from the merchants in the Market Building and the Johnson Terminal about the long term economic impact on them, should the hotel be located where it is currently being proposed.

His Worship replied that the Forks/North Portage Partnership had undertaken a great deal of study on the plan, which could be made available, adding that it was not uncommon to experience controversy with new initiatives.

In reference to a proposal from CentreVenture to eliminate one-way streets in the downtown area, Councillor Smith questioned if that concept would be proceeded with.

His Worship expressed enthusiasm about two-way streets downtown but noted that further review was required. He added that CentreVenture and downtown area residents, approached as part of the consultation, felt that while important, there were other more pressing issues such as reform of the zoning and land use by-laws.

Councillor Smith requested an update on the toboggan slide proposal, noting that it did not proceed last year due to lack of snow.

His Worship responded that funds have been budgeted and a location found, so, weather permitting, the project should proceed.

Councillor Smith questioned if Waterfront Drive would delay the proposed slide.

His Worship stated he did not know if there would be delays related to Waterfront Drive and added that when he championed Councillor Smith to move forward with the project, he had anticipated that Councillor Smith would report back to Council on its success. He added that if there were a roadblock, he would work to unblock it inasmuch as it is an important dimension and a commitment was made to Her Majesty the Queen, through the Lieutenant Governor, to do this.